

Royal Insurance Company Limited
LIFE DEPARTMENT

Actuary for Canada

W. G. Crocker, F.I.A., F.C.I.A.

	1972	1971
New Business Written - \$	68,260,428	\$ 66,815,121
— net of reinsurance - -	62,588,851	60,312,687
Business in Force		
— net of reinsurance - -	409,970,606	388,580,510
Premium Income - - -	4,857,155	4,574,610
Assets in Canada - - -	34,868,394	32,855,345

**BRANCHES, SERVICE OFFICES AND
RESIDENT FIELDMEN IN CANADA**

ATLANTIC PROVINCES

NEW BRUNSWICK
NEWFOUNDLAND
NOVA SCOTIA

Saint John
St. John's
Halifax

QUEBEC

Chicoutimi
Montreal
Quebec
Rimouski
Ste. Agathe

Sherbrooke
Three Rivers
Val d'Or
Valleyfield

ONTARIO

Barrie
Cornwall
Guelph
Hamilton
Kingston
London
North Bay
Oshawa
Ottawa

Peterborough
St. Catharines
Sarnia
Sault Ste. Marie
Scarborough
Sudbury
Thunder Bay
Toronto
Windsor

PRAIRIE PROVINCES

MANITOBA
SASKATCHEWAN
Regina

Winnipeg

Saskatoon

ALBERTA

Calgary
Edmonton

Lethbridge
Red Deer

BRITISH COLUMBIA

Kamloops
Nelson
Prince George

Vancouver
Victoria

**OTHER BRANCHES AND AGENTS
AROUND THE WORLD**

AR02



REPORT OF OPERATIONS
1972



HIGHLIGHTS OF 1972 OPERATIONS

	Total	Compagnie d'Assurance du Québec	The British America Assurance Company	The Globe Indemnity Company of Canada	The Hudson Bay Insurance Company	The Imperial Guarantee & Accident Ins. Co. of Canada	Law Union & Rock Insurance Co. Ltd.	The Liverpool & London & Globe Ins. Co. Ltd.	The London & Lancashire Insurance Company Limited	Royal Insurance Company Limited	** The Western Assurance Company
Net Premiums Written - - - - -	\$164,896,589	\$ 9,218,995	\$ 37,273,181	\$ 6,382,381	\$ 8,509,841	\$ 7,091,535	\$ 2,833,425	\$ 14,399,155	\$ 8,979,304	\$ 25,545,888	\$ 44,662,884
Net Premiums Earned - - - - -	163,400,454	8,918,840	36,718,838	6,174,581	8,232,773	6,860,647	2,741,246	14,155,750	8,957,290	26,701,374	43,939,115
Claims and Adjustment Expenses - - - - -	103,557,713	5,660,912	23,724,180	3,919,095	5,225,458	4,354,548	1,741,239	8,800,278	5,658,659	16,186,272	28,287,072
General Expenses (including Commission and Taxes other than Income Taxes) - - - - -	57,709,267	3,179,928	13,202,761	2,202,007	2,934,735	2,445,996	984,799	5,026,993	3,119,840	8,895,103	15,717,105
Underwriting Profit - - - - -	2,133,474	78,000	(208,103)	53,479	72,580	60,103	15,208	328,479	178,791	1,619,999	(65,062)
Investment Income (after Expenses) - - - - -	14,022,274	670,838	3,357,936	473,522	538,636	521,754	253,717	1,353,573	869,408	2,649,311	3,561,339
Federal, Provincial and Foreign Income Taxes -	(3,016,048)	(208,739)	(904,935)	(138,368)	(174,939)	(162,053)	(61,738)	(281,243)	(80,231)		(1,003,802)

ASSETS

Cash - - - - -	\$ 4,310,242	\$ 231,954	\$ 849,696	27,471	20,319	138,644	37,107	338,011	270,932	238,926	2,157,182
★ Bonds - - - - -	148,921,065	8,536,875	33,173,075	5,247,139	7,153,435	6,035,770	3,002,291	14,616,287	10,432,848	28,820,549	31,902,796
★ Preferred Stocks - - - - -	17,339,355	545,344	5,311,355	953,912	1,427,513	1,177,036		300,000	486,280	1,076,375	6,061,540
★ Common Stocks - - - - -	70,459,355	3,501,125	14,825,573	3,204,107	2,591,086	2,524,967	1,268,840	6,124,404	4,430,236	13,584,775	19,075,768
★ Mortgage Loans on Real Estate - - - - -	5,119,886							2,862,531	31,512		2,225,843
★ Companies Premises (less Depreciation) - - - - -	2,489,749		730,061								1,759,688
Agents Balances (not over 90 days due) - - - - -	28,726,174	1,710,713	5,434,190	1,184,340	1,579,121	1,315,934	526,373	2,631,867	1,579,121	4,064,552	8,699,963
All Other Assets - - - - -	18,602,758	156,111	915,017	10,828,465	235,377	143,109	209,976	1,040,596	524,815	2,149,633	5,617,685
	<u>†\$295,968,584</u>	<u>\$ 14,682,122</u>	<u>\$ 61,238,967</u>	<u>\$ 21,445,434</u>	<u>\$ 13,006,851</u>	<u>\$ 11,335,460</u>	<u>\$ 5,044,587</u>	<u>\$ 27,913,696</u>	<u>\$ 17,755,744</u>	<u>\$ 49,934,810</u>	<u>\$ 77,500,465</u>

LIABILITIES

Claims under Adjustment - - - - -	\$ 92,295,330	\$ 4,908,324	\$ 20,810,938	3,398,072	4,530,761	3,775,634	\$ 1,509,625	7,785,436	5,352,449	15,239,171	24,984,920
Unearned Premiums and other Policy Reserves -	69,755,619	4,087,353	15,725,675	2,829,706	3,772,943	3,144,118	1,256,409	6,285,343	3,823,496	9,910,905	18,919,671
All other Liabilities (including Contingency Reserves) - - - - -	28,305,829	438,810	3,881,345	12,221,052	942,687	543,437	106,886	638,173	431,871	1,335,001	10,984,593
Surplus to Policyholders December 31, 1972 - -	† 105,611,806	5,247,635	20,821,009	2,996,604	3,760,460	3,872,271	2,171,667	13,204,744	8,147,928	23,449,733	22,611,281
	<u>\$295,968,584</u>	<u>\$ 14,682,122</u>	<u>\$ 61,238,967</u>	<u>\$ 21,445,434</u>	<u>\$ 13,006,851</u>	<u>\$ 11,335,460</u>	<u>\$ 5,044,587</u>	<u>\$ 27,913,696</u>	<u>\$ 17,755,744</u>	<u>\$ 49,934,810</u>	<u>\$ 77,500,465</u>

† At values quoted in annual returns to Canadian Department of Insurance

† Market values at December 31, 1972 exceeded values quoted in annual returns in aggregate by \$33,907,605

** Figures include overseas operations



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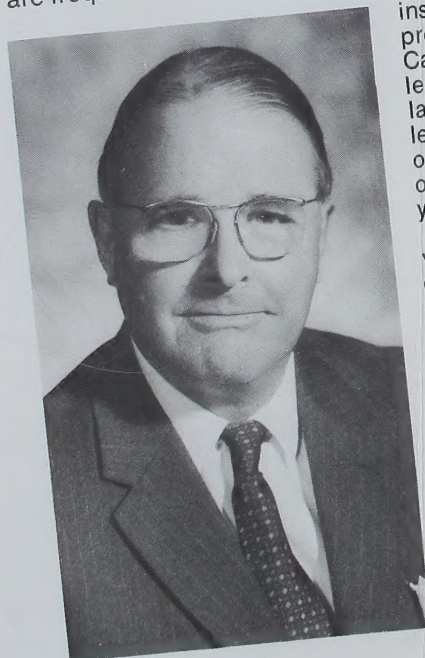
June, 1973

1972 RESULTS

I am pleased to report satisfactory results for our Group in Canada in 1972. \$165 millions of net premiums were written, an increase of a little more than \$11 millions over the previous year. Underwriting profit of \$2.1 millions was substantially lower than the \$3.3 millions of 1971; but this reduction was more than offset by a gain in investment income of \$1.27 millions, to a total of slightly over \$14 millions. These results include the overseas business of the 'Western' and the 'British America'.

1972 was not a good year, in aggregate, for the general insurance companies in Canada; it is estimated that the industry suffered an underwriting loss in total of \$46.5 millions. I am happy to say, therefore, that the Royal's outcome on its purely Canadian business (i.e. excluding Western-British America overseas accounts) was relatively good, showing a statutory underwriting profit (after tax) of \$2.8 millions on net premiums written of \$147 millions; after-tax investment earnings in Canada were \$11 millions.

The outlook for the future, when related to Canada's buoyant economy, is good, but contains many problems. Many classes of property insurance, and notably the residential lines, are the principal source of our underwriting difficulties, due to inadequate rates over a period of years. As long as inflation remains an inherent part of the economy (and there is no sign at all of an abatement), profitability in these classes will be difficult to achieve. Yet examples of unbridled competition are frequent.



Public and political concern with automobile insurance ensure for that business a narrowing profit margin, as the industry seeks to provide the Canadian public with increased benefits at the least possible increased cost. The Royal, as the largest general insurer in Canada, has consistently lent its expertise to industry studies with those objectives in view. Some reduction in the Group's operating expenses was accomplished during the year.

The Royal's Life Department experienced a very good year in 1972; new business written exceeded \$68 millions to achieve a net business in force figure of \$410 millions. Other details of our Life results will be seen on another page of this brochure.

I am confident that the Group will emerge with successful trading results from a difficult 1973. Efforts are being concentrated at the Canadian Head Office to extract the maximum operating and marketing advantages from our leading position in general insurance in Canada.

D. B. Martin
General Manager for Canada/President

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